

in this Agreement, to the contrary, it is agreed and understood that if, at the expiration of eighteen (18) years after annexation date, the City and the developers of Region II shall have failed to agree upon the times for the commencement and completion of any phase of any twenty-year road (except where the City and the developers of Region II have theretofore mutually agreed to permanently defer and not to construct such phase), then, upon written notice, given promptly after the expiration of said eighteen-year period, from the City to the developers of Region II or from the developers of Region II to the City, such phase shall be commenced promptly, and completed as soon as practicable, and the City and the developers of Region II shall be deemed for all purposes of this Agreement to have agreed upon the said times as the times of commencement and completion with respect thereto.

(ix) The cross sections of the four-lane Region II roads designated and described in Part III of Exhibit D shall be constructed as therein designated, unless the respective cross section is otherwise agreed to be constructed pursuant to the mutual agreement of the City and the developers of Region II.

General Schedule Provisions

(x) It is agreed that, if any phase of any priority road shall be changed to a phase of a twenty-year road, or any phase of any twenty-year road shall be changed to a phase of a priority road, in accordance with the provisions hereof, the times for commencement and completion, the rights with respect to deferral and advancement, and all of the other provisions under this Section V shall correspondingly change with respect to such changed phase, and shall be applicable to such changed phase as though such changed phase were originally a phase of a twenty-year road or of a priority road, as the case may be, in accordance with the provisions of this Agreement.

(xi) The developers of Region II and the City agree to meet at least annually to review the status of the District Road and Highway Program as it pertains to Region II roads, and to make amendments and changes with respect to provisions of this Subsection 3(j) relating to the Region II roads, as conditions and the nature and progress of the development of the District and of Region II from time to time warrant and indicate, and as shall be mutually agreed upon between the City and the developers of Region II.

(xii) The City and Metropolitan Crown agree that the location and alignment of the priority roads and the twenty-year roads, and the phases and parts thereof (as shown in the land use plan which is included in Part Three of the Plan Description, and as described in Exhibit D), may require changes from time to time in order to serve the best interests and meet the needs and requirements of the City generally and of such developers. Accordingly, it is agreed that Metropolitan Crown may, at any time prior to the Expiration Date of Notice of Start of Construction of any phase or part of a phase of any of the priority roads or of any of the twenty-year roads, change the location and alignment of any such phase or part, by written notice to the City, provided that all such changes in alignment and location to the extent that they are within the City shall meet with the approval of the City, which approval shall not be unreasonably withheld.

(xiii) Each sale, conveyance or other transfer of any real property, whether inside or outside the District, made at any time or from time to time after the annexation date shall be subject to the provisions of this Subsection 3(j), and each transferee and grantee under such sale, conveyance or other transfer shall be deemed to have

consented and agreed to and be bound by the said provisions. Except only to the extent, if any, that Metropolitan Crown or any other seller, grantor or transferor shall expressly and specifically in the agreement, deed or other instrument effecting such sale, conveyance or other transfer expressly and specifically assign and transfer some or all of the rights of Metropolitan Crown under this Subsection 3(j), all of the said rights under Subsection 3(j) not so expressly and specifically assigned and transferred shall be deemed to be retained by and to remain in Metropolitan Crown or said other seller, grantor or other transferor to whom Metropolitan Crown may have assigned any of said rights.

4. Financing of the Region I Roads and of the Region II Roads. Except as otherwise provided for in Subsections 1, 2 and 3 of this Section V, the following provisions shall apply to the financing and payment of the cost of constructing the Region I roads and the Region II roads:

(a) General Provisions.

(i) Some or all of the properties, whether located inside or outside of the City after the annexation date, which will benefit from a phase or part of a phase of the Region I roads, or a

phase or part of a phase of the Region II roads, may, at the time of the commencement of construction (as hereinafter defined) of such phase or part:

(y) be owned respectively by the developers of Region I or by the developers of Region II (herein sometimes referred to as "owned properties"), or (z) not be owned respectively by the developers of Region I or by the developers of Region II (herein sometimes referred to as "non-owned properties").

(ii) Some or all of the owned properties, and/or some or all of the non-owned properties, whether located inside or outside of the City after the annexation date, at the time of the commencement of construction of a phase or a part of a phase of the Region I roads, or a phase or a part of a phase of the Region II roads, can legally be subjected to special assessment in connection with the construction of such phase or part (because of location inside the City, contiguity or adjacency thereto, or for other reasons) pursuant to special assessment proceedings instituted by or on behalf of the City, its Board of Local Improvements, or another governmental authority or instrumentality (said properties which can be subjected to special assessment are herein sometimes referred to as "special assessment properties," said owned properties which can be subjected to special

assessment are herein sometimes referred to as "owned special assessment properties", and said non-owned properties which can be subjected to special assessment are herein sometimes referred to as "non-owned special assessment properties").

(iii) Some or all of the owned properties, and/or some or all of the non-owned properties, at the time of the commencement of construction of a phase or a part of a phase of the Region I roads, or a phase or a part of a phase of the Region II roads, cannot legally be subjected to special assessment in connection with the construction of such phase or part (because of location outside of the City, or for other reasons) pursuant to special assessment proceedings instituted by or on behalf of the City, its Board of Local Improvements, or other governmental authority or instrumentality (said properties which cannot be subjected to special assessment are herein sometimes referred to as "non-special assessment properties," said owned properties which cannot be subjected to special assessment are herein sometimes referred to as "owned non-special assessment properties," and said non-owned properties which cannot be subjected to special assessment are herein sometimes referred to as "non-owned non-special assessment properties").

(iv) Subject to the provisions of this Sub-section 4, the developers of Region I and of Region II agree to consult and cooperate with the City to the end of accomplishing the most expeditious and economical method of financing the construction of each of the Region I and Region II roads and each phase and part thereof.

(v) The phrase "time of commencement of construction" of a phase or a part of a phase of a Region I road or a Region II road, as used in this Subsection 4 of this Section V, shall mean:

(y) in all cases where special assessment financing shall be employed, the date that the City, either alone or jointly with another governmental authority, shall institute the special assessment suit in the appropriate court having jurisdiction to make the special assessments in connection with and for the financing of the construction of such phase or part; and (z) in all cases where special assessment financing is not employed, the date when the principal contract is entered into covering the building and construction of such phase or part.

(vi) The following phases of the Region I roads and of the Region II roads are herein referred to as the "1973-1974 Phases":

(A) Region I roads: Phases I A, I B,
I C, II A, II B, III B, IV B, and IV C.

(B) Region II roads: Phases I, II,
III, IV, V, VI, VII, X, XIII, and XIV of the
priority roads of Region II roads.

(b) Special Assessment and Other Financing.

(i) Subject to the provisions of Subsection 2 of this Section V, the City shall as promptly as practicable, to comply with the completion schedules set forth in Exhibit D (subject to the changes under the provisions of Subsection 3(j) of this Section V), provide for the financing of each of the Region I roads and each of the Region II roads, and each phase and part thereof, by special assessment or by other financing in accordance with the provisions of this Subsection 4. Where special assessment financing is to be employed, to the extent permitted and required by law, the City shall cause and enable its officers and its Board of Local Improvements and other appropriate governmental authorities and instrumentalities to promptly take all steps required in connection therewith, to the end that construction contracts for said work will be advertised and awarded, and special assessment bonds, in amounts reflecting the respective private and public benefits of the work, will be issued and delivered or sold in payment for

said work, all in accordance with the provisions of this Subsection 4. It is agreed that only the direct and directly allocable costs of the City for administration, legal and engineering items shall be included as costs for said items for purposes of said special assessment proceedings and for purposes of determining "cost" and "net cost," as said terms are above defined, of the Region I and Region II roads, and each of the phases and parts of the phases thereof.

(ii) Notwithstanding any provisions herein to the contrary, in the case of owned non-special assessment property and non-owned non-special assessment property, with respect to which the City or its agencies may not be legally able to employ special assessments, but with respect to which other governmental authorities may have the jurisdiction and authority to employ special assessments, either jointly with the City or otherwise, the City agrees to use its best efforts to cause such other governmental authorities to institute and complete such special assessments on such property, as promptly as practicable to comply with the completion schedules set forth in Exhibit D, as they may be changed under Subsection 3(j) of this Section V.

(iii) Subject to the provisions of Subsection 4(k) of this Section V, in each of said special

assessment proceedings, the developers' and record owners' share of the net cost (i.e., private benefit) shall be assessed against the developers and other benefited record owners of property located in each respective Region involved, and against the benefited owners of property outside of such Region, in accordance with and to the extent of the benefits derived or to be derived by such developers and record owners respectively from the phase or part thereof involved in such special assessment. The City's share of the net cost shall be assessed against, borne and paid by the City as public benefit. The City shall use its best efforts to cause the Court to find the public benefit portion and the private benefit portion of the net cost of the respective phase or part of the phase involved to be in accordance with the respective determinations and amounts set forth in Exhibit D with respect to such phase (subject to the provisions of Subsection 4(k) of this Section V), and the City shall complete promptly all required court proceedings. Subject to the provisions of Subsection 4(k) of this Section V, and particularly clause (ii) thereof, if the record owners' share of the net cost assessed as private benefit, as finally confirmed by the Court, is less than the record owners' share (private benefit) as provided for in Exhibit D, the record owners agree to pay such difference in the record owners' share of net cost to the City. If the

record owners' share of the net cost assessed as private benefit, as finally determined by the Court, is greater than the record owners' share (private benefit) of the net cost as provided for in Exhibit D, then the City will reimburse the record owners for such excess. The said payments provided for in the immediately preceding two (2) sentences shall be made by the record owners to the City, or by the City to the record owners, as the case may be, at the same times and in the same manner, and depending on the method of financing employed, as hereinafter in this Subsection 4 provided for the payment of the public benefit and private benefit portions of the respective phase or part of a phase involved. All rebates of special assessments, whether at the time of the approval of the Certificate of Cost and Completion or after the payment of all bonds and vouchers, shall be made to the City and to the record owners against whom the private benefit portions of such net cost shall have been assessed, in the proportions of their respective allocations of the total of such net cost. All payments made hereunder to the developers of Region I or other record owners of property in Region I shall be made by the City to Urban, which shall receive the same on behalf of the developers of Region I and the other record owners of property in Region I. All payments made hereunder to the developers of Region II or other record owners of property in

Region II shall be made by the City to Metropolitan Crown, which shall receive the same on behalf of the developers of Region II and the other record owners of property in Region II.

(iv) Notwithstanding any provisions in this Agreement to the contrary, the provisions of clause (iii) next above shall be deemed binding upon the respective record owners from time to time of real property located inside the District or located outside the District, and each sale, conveyance or other transfer of any such real property, whether within or without the District, made at any time and from time to time after the annexation date shall be deemed subject to the provisions of said clause (iii) next above, and each transferee and grantee under any such sale, conveyance or other transfer shall be deemed to have consented and agreed to and be bound by the said provisions; provided, that the provisions of said clause (iii) shall not be deemed binding on any such transferee or grantee or subsequent record owner under any such sale, conveyance or other transfer to the extent that the developers or any such other seller, grantor or other transferor (whether having theretofore acquired the property to be transferred from the developers or others) shall expressly and specifically, in the agreement, deed or other instrument effecting such sale, conveyance or other transfer, agree to retain

any of said obligations. Except only to the extent, if any, of such express and specific retention of liabilities or obligations by the developers or such other seller, grantor or other transferor, the developers and each such other seller, grantor or other transferor shall, upon said sale, conveyance or other transfer, have no liabilities or obligations with respect to or under any of the provisions of said clause (iii) next above.

(c) Right of City to Use Special Assessment, General Obligation or Other Financing, and Requirement in Certain Instances to Use Only Special Assessment.

(i) The City shall be required and hereby agrees to employ and use only special assessment financing for the construction of each phase or part of a phase of the Region I roads and of the Region II roads, except (v) Phase III B and Phase IV C of the Region I roads, and except (w) where, at the time of the commencement of the construction of a 1973-1974 Phase of a Region I road or of a Region II road, all of the properties which will benefit from such 1973-1974 Phase are owned by the respective developers of Region I or Region II, as the case may be, and except (x) where, at the time of the commencement of the construction of a phase or a part of a phase of

a Region I road or of a Region II road, all of the properties which will benefit from such phase or part of a phase are either owned non-special assessment properties or are non-owned non-special assessment properties, and the City is not able to cause any other governmental authority which has jurisdiction and has the ability to impose special assessments against said benefited properties, jointly with the City or otherwise, to impose special assessments against said benefited properties, and except (y) where, at the time of the commencement of the construction of a 1973-1974 Phase of a Region I road or of a Region II road, some of the properties which will benefit from such 1973-1974 Phase are owned respectively by the respective developers of Region I or Region II, as the case may be, and all of the remainder of the properties which will benefit from such 1973-1974 Phase are non-owned non-special assessment properties, and the City is not able to cause any other governmental authority which has jurisdiction and the ability to impose special assessments against said non-owned non-special assessment properties, jointly with the City or otherwise, to impose special assessments against said benefited properties, and except (z) where, at the time of the commencement of the construction of a phase or of a part of a phase of any Region I road or of any

Region II road, the City and the respective developers of Region I or Region II, as the case may be, otherwise agree.

(ii) It is agreed that in each of the instances described in clauses (v), (w), (x), (y) and (z) next above, the City shall have the right to use and employ special assessment financing, general obligation or other financing, as the City in its sole discretion may determine.

(iii) The City in its discretion shall determine whether a phase or a part of a phase of a road which is to be constructed shall be included in one or more special assessment proceedings. In exercising such discretion the City agrees that whenever possible it will include in a special assessment proceeding a phase or part of a phase of a road that will benefit not only assessable properties, but also non-assessable properties to the end and for the purpose, among others, of applying and employing the provisions of Subsection 4(k) of this Section V.o

(d) Developers' Obligation to Pay in Cash Amount of Private Benefit Portion Applicable to Property Owned by the Developers on the Annexation Date with Respect to the 1973-1974 Phases.

(i) In addition to the obligations of the developers as set forth in Subsection 4(f) of this Section V, the respective developers of Region I and Region II (i.e., the developers of Region I as to a 1973-1974 Phase of the Region I roads, and the developers of Region II as to a 1973-1974 Phase of the Region II roads) agree to pay to the City in cash, as and when required for each progress payment and the final payment of the net cost of the respective 1973-1974 Phases of the Region I roads or of the Region II roads, as the case may be, that fraction of the private benefit portion of each such payment equal to the fraction arrived at by dividing (y) the amount of the private benefit portion applicable to the property owned by such respective developers on the annexation date and benefited thereby by (z) the total amount of all of the private benefit portion applicable to all of the property benefited by said respective 1973-1974 Phase.

(ii) If the respective developers of Region I or Region II shall sell, convey or otherwise transfer all or any part of any property owned by them on the annexation date which shall be benefited by any said respective 1973-1974 Phase of a Region I road or of a Region II road, as the case may be, the transferees who shall become the record owners from time to time of such property may, or may not,

expressly and specifically assume some or all of the obligations of the respective developers as provided and set forth in clause (i) of this Subsection 4(d), and such transferees shall not be deemed to have assumed any of the obligations provided and set forth in clause (i) of this Subsection 4(d), except only to the extent, if any, of such express and specific assumption of such obligations by such transferee in the agreement, deed or other instrument effecting the sale, conveyance or other transfer to such transferee. Such express and specific assumption by such transferees of such obligations shall not relieve the respective developers from their said respective obligations, but the respective developers shall be entitled to a credit against (and repayment, if applicable, with respect to) their said respective obligations, to the extent and in the amount of all moneys at any time and from time to time received by the City from such transferees with respect to said respective obligations.

(iii) Notwithstanding any of the provisions of this Section V, and particularly the provisions of Subsection 1(c) of this Section V, to the contrary, it is agreed that record owners of property which is annexed to the City, after the Territory is annexed to the City, shall not be required (unless the City in its sole discretion determines and so requires) as a condition to such annexation, or

as an undertaking in the annexation agreement providing for such annexation, to agree to make any of the cash payments provided for above in clause (i) of this Subsection 4(d) to be made after the date of such annexation; provided, that such record owners shall be required to make any and all payments of then existing or future special assessments assessed against such annexed property, and to make the other payments and assume the other obligations provided for in Subsection 1(c) of this Section V.

(e) Interest Rate and Terms of Special Assessment

Bonds. The City agrees that, in order to minimize the cost of the roads, and all phases and parts thereof, and to avoid the incorporation by prospective bidders in construction contracts of additional amounts for anticipated discounts in the sale of the special assessment bonds at prices below par, the special assessment bonds to be issued both for the public benefit portion and for the private benefit portion shall provide for the then maximum legal interest rate (or a lower interest rate if such lower rate will permit the sale of the bonds at par) and shall contain such other favorable terms that the City may legally incorporate in such bonds so as to enable such bonds to be sold at par; or, if because of the then existing financial market conditions or the legal disability of the City to provide for a high enough interest rate or other favorable

enough terms adequate to enable such bonds to be sold at par, then such interest rate and other terms shall be the highest and most favorable that the City may then legally be able to provide so as to enable such bonds to be sold at the highest possible price below par. To the extent that such bonds are required to be issued for any private benefit portion, it is agreed that the bonds issued for the private benefit portion shall have the same terms as those issued for the public benefit portion.

(f) Obligations of City and of Developers with Respect to Owned and Non-Owned Non-Special Assessment Properties.

(i) In those instances where properties to be benefited by the construction of a phase or part of a phase of a Region I road or a Region II road are either owned non-special assessment properties or non-owned non-special assessment properties, and the City is not able to cause another governmental authority which has jurisdiction and has the ability to impose special assessments against said properties, jointly with the City or otherwise, to impose special assessments against said properties, the respective developers of Region I or Region II (i.e., the developers of Region I as to any

phase or part of a phase of a Region I road,
and the developers of Region II as to any
phase or part of a phase of a Region II road)
agree to advance and pay to the City in cash,
as and when required, for each progress payment
and the final payment of the net cost for the
construction of such respective phase or part,
that part of each such required payment equal to
the private benefit portion of such payment appli-
cable to the said benefited owned non-special
assessment properties and to said benefited non-
owned non-special assessment properties. If the
said private benefit portion applicable to said
owned non-special assessment properties and to
said non-owned non-special assessment properties
has been determined under the provisions of Sub-
section 4(k) of this Section V, the said deter-
mination shall govern in applying the provisions
of the immediately preceding sentence, otherwise
such private benefit portion so applicable to
said owned and non-owned non-special assessment
properties shall be determined as though said non-
assessable properties were the subject matter of
a special assessment proceeding, applying the pro-
visions of this Agreement and in accordance with
the principles and formulae used in spreading
special assessments as to such private benefit
portion in special assessment proceedings that
theretofore may have been had with respect to

phases or parts of phases similar to the phase or part involved, and if theretofore there shall not have been such proceedings, then in accordance with the principles and formulae generally used in spreading such assessments as to such private benefit portion in special assessment proceedings with respect to phases or parts of phases of roads located in the vicinity of the instant phase or part and similar thereto. The City shall bear and pay the full amount of the balance of each said progress and final payment, i.e., the balance comprising the public benefit portion.

(ii) In order to effect the recapture and reimbursement of the cost of constructing said roads, phases, and parts thereof referred to in clause (i) next above: (x) the City and the developers and record owners, as provided for in this Section V, shall cooperate with each other and use their best efforts to obtain from the State, County, Township, federal government and other governmental authorities financial and other assistance for the construction of such Region I and Region II roads and all phases and parts thereof; (y) the City shall obtain as provided for in this Section V, as a condition of annexation of properties so benefited by the said respective Region I or Region II roads or any

phase or part thereof, an agreement from the record owners of said annexed properties to contribute to the net cost of such roads, phases and parts thereof, to the extent that such roads, phases and parts thereof have benefited or shall benefit such annexed properties, including, without limitation, an agreement from the record owners of such annexed properties to make the payments and reimbursements determined as provided for in Subsection 4(k) of this Section V, if the determinations provided for in said Subsection 4(k) have theretofore been made, otherwise, such payments and reimbursements shall be determined as though said annexed properties were the subject matter of a special assessment proceeding, applying the provisions of this Agreement and in accordance with the principles and formulae used in spreading special assessments in special assessment proceedings that theretofore may have been had with respect to phases or parts of phases similar to the phase or part involved, and if theretofore there shall not have been such proceedings, then in accordance with the principles and formulae generally used in spreading such assessments in special assessment proceedings with respect to phases or parts of phases of roads located in the vicinity of the involved phase or part and similar thereto; and (z) as provided for in this Section V, the City agrees to use its best efforts to cause other governmental authorities which have

jurisdiction and the ability to impose special assessments to institute and complete special assessments against such property benefiting from any such road, or any phases or part thereof. All amounts and costs recaptured shall be applied and paid as provided for in this Section V.

(iii) Notwithstanding any of the provisions of this Section V, and particularly the provisions of Subsection 1(c), to the contrary, it is agreed that record owners of property which is annexed to the City after the Territory is annexed to the City shall not be required (unless the City in its sole discretion determines and so requires) as a condition to such annexation, or as an undertaking in the annexation agreement providing for such annexation, to agree to make any of the payments and advances required to be made after the effective date of such future annexation under clause (i) above of this Subsection 4(f) with respect to the private benefit portion of each such payment applicable to property which shall after the date of such future annexation be owned non-special assessment property or non-owned non-special assessment property; provided, however, such record owners shall be required to make any and all payments of then existing or future special assessments assessed against such annexed

property, and to make the other payments and assume the other obligations provided for in Subsection 1(c) of this Section V, including, without limitation, the reimbursements and payments provided for in clauses (i) and (ii) of Subsection 4(h) and in clause (ii) of Subsection 4(k) of this Section V to be made by such record owners of such property annexed after the annexation date under this Agreement.

(iv) If the respective developers of Region I or Region II shall sell, convey or otherwise transfer all or any part of any property owned by them on the annexation date, the transferees who shall become the record owners from time to time of such property may, or may not, expressly and specifically assume some or all of the obligations of the respective developers as provided for and set forth in clause (i) of this Subsection 4(f), and such transferees shall not be deemed to have assumed any of the obligations provided and set forth in clause (i) of this Subsection 4(f), except only to the extent, if any, of such express and specific assumption of such obligations by such transferee in the agreement, deed or other instrument effecting the sale, conveyance or other transfer to such transferee. Such express and specific assumption by such transferees of such obligations shall not relieve the respective developers from their said

respective obligations, but the respective developers shall be entitled to a credit against (and repayment, if applicable, with respect to) their said respective obligations, to the extent and in the amount of all moneys at any time and from time to time received by the City from such transferees with respect to said respective obligations.

(g) Bidding.

(i) In the case of each and all of said roads, phases and parts thereof agreed to be constructed hereunder, the City agrees to advertise for bids and to award the contracts for construction by competitive bidding.

(ii) The respective developers of Region I and Region II shall have the right to bid on the same terms and basis as other bidders.

(iii) The City shall award the bid to and contract with the lowest qualified bidder.

(iv) The respective developers and record owners of Region I or Region II may respectively assume the construction of the respective phases and parts of phases of the respective Region I or Region II roads, as provided for in Section 9-2-109 of the Illinois Local Improvement Act.

(h) Guarantee with Respect to Private Benefit Portion of Special Assessment Bonds Covering Private Benefit Portion of Owned and Non-Owned Special Assessment Properties.

(i) In those instances where the City shall issue special assessment bonds in compliance with and pursuant to the provisions of this Subsection 4 of this Section V with respect to the construction of any phase or part of a phase of any respective Region I or Region II road, and if a part of such special assessment bonds shall be payable from special assessments for the private benefit portion assessed against owned special assessment properties or assessed against non-owned special assessment properties (i.e., from the special assessments for the private benefit portion of the net cost applicable to property then owned or then not owned by the respective developers of Region I or Region II), the respective developers of Region I and Region II (i.e., the developers of Region I, including, without limitation, Urban, Sears and Mafco, Inc., jointly and severally, as to a phase or part of a phase of a Region I road, and the developers of Region II, including, without limitation, Crown, as to a phase or part of a phase of a Region II road), or such other persons and entities as shall be

acceptable to the City, shall execute (prior to the City's issuing said special assessment bonds) a written guarantee to the City which shall be mutually agreeable in form to the City and the respective guarantors executing the guarantee, which guarantee shall in substance provide that the guarantors will pay in cash at the time and in the manner hereinafter provided the amount of the "special assessment payment deficiency amount" as hereinafter defined.

(ii) The City agrees that between November 1 and November 10 of each year, beginning with the year in which any of the said special assessments referred to in clause (i) next above shall be assessed and levied and in which the said special assessment bonds referred to in clause (i) next above (with respect to which the said guarantee shall be executed as provided for in clause (i) next above) are issued, and ending with the year in which the said special assessment bonds shall have been fully paid, the City shall bill the installments of special assessments (covering both principal and interest) which shall become due on January 2 of the next succeeding year. On January 3 of the said next succeeding year, the City shall, with respect to each issue of such special assessment bonds, by written notice executed by

the City's Treasurer, advise the guarantors of such issue of the amount of that part of the deficiency, if any, (after the application and exhaustion of all special assessment reserve funds, if any, and after the application of all funds that the City shall have theretofore received from collections of such special assessment liens and not theretofore paid by the City on such special assessment bonds and interest coupons relating thereto) in the amount of interest or principal required to be paid by the City to meet the next current special assessment bond payment on such issue (which next current special assessment bond payment shall be due and payable under said special assessment bonds on January 15 of the said next succeeding year) resulting from, and only to the extent of, the amount of the defaults in the payment of the private benefit portion of the said last referred to installment(s) of said special assessments assessed and levied against said owned special assessment properties and said non-owned special assessment properties and billed in the preceding year as aforesaid. (The said amount of the said part of said deficiency is defined and is herein referred to as "special assessment payment deficiency amount".) Seven (7) days after the receipt of the said notice, such guarantors

jointly and severally agree to pay to the City in cash the said special assessment payment deficiency amount. Promptly after each said January 15, the City shall assign, or cause to be assigned, said special assessment bonds and interest coupons relating thereto in an amount equal to the amount of the special assessment payment deficiency amount so advanced and paid by the guarantors to the City, which special assessment bonds and interest coupons shall be assigned to the guarantors uncancelled and in fully enforceable form, except that and the guarantors agree that the bonds and interest coupons so assigned shall be deemed subordinated in order of payment to all of the then outstanding and unpaid said special assessment bonds and interest coupons of the said respective issue of special assessment bonds not then owned by the guarantors. Thereafter, the City shall diligently take and prosecute all steps and action required to enforce and collect the said delinquent and defaulted payments, and to enforce the City's special assessment liens against the said defaulting properties. Upon the request of such guarantors made from time to time, the City shall take all steps and execute all instruments required to transfer to such guarantors or their designees all of the City's liens, judgments and rights with respect to such defaulting properties and with respect to such delinquent and defaulted special assessment

liens. Notwithstanding the provisions with respect to subordination in order of payment set forth in the fourth sentence of this clause (ii), the City agrees to repay to such guarantors, as and when received, all amounts received by the City at any time and from time to time from such defaulting properties and with respect to such delinquent and defaulted special assessment liens, which payments when so received shall be applied on and in payment of the special assessment bonds and interest coupons assigned and transferred to such guarantors as aforesaid. (As used in this clause (ii), an "issue of special assessment bonds" shall consist of bonds issued with respect to a specific special assessment proceeding conducted to provide special assessment financing for the construction of a specific phase or part of a phase of a Region I road or a Region II road. The City shall keep separate records for each such separate proceeding and the docket with respect thereto, pursuant to this Agreement, and each such special assessment proceeding and docket number with respect thereto, and the special assessment bonds secured thereby, shall be treated separately and independently for the purposes of this Agreement, and particularly the provisions of this Subsection 4(h).)

(iii) In no event shall any guarantee executed pursuant to the provisions of this Subsection 4(h),